

Chamber of Commerce of the United States



LEGISLATIVE DEPARTMENT
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NAtional 8-2380

April 26, 1960

The Honorable Tom Murray, Chairman
House Committee on Post Office and Civil Service
Washington 25, D. C.

Dear Mr. Murray:

The Chamber of Commerce of the United States urges the House Post Office and Civil Service Committee to table consideration of general across-the-board federal pay raises. We recommend that the Committee devote its efforts to assuring that the pay system for federal employees is equitable and minimizes purely political considerations in the determination of proper salary rates.

Such action would deal with the fundamental long-term management problem involved - reform of the federal pay system itself. This course would not be unfair to federal employees generally, since the average pay for federal employees exceeds the national average for non-federal workers. Such Committee action would demonstrate a high degree of fiscal responsibility and statesmanship. If the Committee and Congress acts expeditiously, appropriate further legislation could be enacted early in the first session of the 87th Congress.

The National Chamber supports the principle of fair compensation for career federal employees based on reasonable comparability with salaries in the private sphere of the economy. The necessity to attract and hold competent and dedicated employees is a concern not only to the Nation's business community, but to all Americans. Being both employers and taxpayers, businessmen have a vital interest in the personnel policies of the federal government, our country's largest single employer.

One of the most undesirable features of the present pay system for federal classified and postal workers is its high vulnerability to the fortunes of politics. It is generally customary for Congress to be subjected to heavy pressures in election years to enact general increases for federal employees. Thus, political considerations assume undue emphasis in determining compensation.

This is unjust to both the federal employee and the taxpayer. In the case of federal employees, the undue emphasis on political expediency aggravates existing inequities and is a disservice in that the federal employee may become regarded as a partisan voter first and a civil servant second. From the standpoint of the taxpayer, politically motivated pay raises inflate personnel costs without any true regard for services rendered. There is urgent need to insulate, insofar as practicable, the determination of federal salaries from partisan political considerations.

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The principle of "equal pay for equal work" is widely accepted. However, implementation of this principle encounters serious obstacles within the federal government. On July 15, 1958, in a message to the Congress, President Eisenhower underscored the problem:

"It is estimated that there are now at least 77 different pay plans in the Executive Branch. Nearly a million employees under the Classification Act and another one-half million employees under the Postal Service have their pay fixed and adjusted by statute. Another large group, the 770,000 blue collar employees have their wages adjusted from time to time by the heads of employing agencies in accordance with prevailing rates. Pay rates under some of the remaining plans are set by statute and others are fixed by agency heads. Moreover, when an agency head fixes such rates he operates under statutory restrictions which vary from one system to another. It has been found that there are more than 300 different statutes bearing on the pay of federal employees."

Beyond the extreme difficulties of establishing full equity within the federal pay structure lie the even more complex problems of achieving reasonable comparability between salaries for government jobs and those in private industry. The current hearings of your Committee have clearly demonstrated the need to find sound bases for such comparisons. For instance, there has been testimony attempting to compare the compensation of obviously non-comparable jobs such as a postal letter carrier and a meat cutter.

The 86th Congress appropriated \$500,000 to the Bureau of Labor Statistics to undertake a nation-wide survey of salary rates for occupations in private industry represented under the Classification Act. The results of this survey are expected to be available very soon, probably as early as September of this year.

Without attempting to prejudge the conclusiveness of this survey, the National Chamber believes it would be premature to enact across-the-board federal salary increases prior to a thorough evaluation of the Bureau of Labor Statistics' findings. The traditional alternative to setting the government's wage policies in relationship to a realistic private industry base is to enact an arbitrary increase. This historical pattern ignores sound governmental principles and good management practice.

Of the many federal pay raise bills before Congress, bills similar to HR 9883 have attracted the major support of the witnesses representing federal employees unions. This and similar bills would grant pay increases up to 23% for the great majority of postal workers and approximately 12% for classified white-collar workers. The Budget Bureau has estimated that the additional annual cost of such pay increases would be more than \$1.6 billion each year. Certainly to vote such an increase without adequate information would not deal with the real problems in the pay system and would constitute financial irresponsibility.

An argument often advanced to support across-the-board raises for federal employees is that government salaries are uniformly lower than those

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paid by private industry. While there are undoubtedly instances where the federal employee receives less pay than his counterpart outside the government, there are many in which the reverse is the case.

Attesting to the fact that federal government employment does not suffer generally in comparison to that of private industry are the official "quit rate" statistics. For the calendar year 1959, the Civil Service Commission reports that this rate for manufacturing industries was 1.25%, while the overall government rate was only .7%. Further, the Bureau of Labor Statistics reported that the "quit rate" for the Postal Service during that year was a very low .57%.

Similarly, the Civil Service Commission reports the average salary of federal employees in the Executive Branch -- without regard to liberal fringe benefits provided at taxpayer's expense -- was \$5,165 a year as of June 30, 1959. This compares with an annual rate of \$4,584 reported by the Survey of Current Business as the average for all full-time employees in private industry during calendar year 1959.

For these reasons, your Committee is urged to take no action on a general pay raise for federal employees, and to devote its efforts to preparing a plan for a new pay system based upon sound management principles. Such action would be a constructive move in the national interest.

I would appreciate your making this letter a part of the official record of your current hearings on federal pay raise legislation.

Cordially yours,



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